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Message Text

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ACTION EB-07

INFO OCT-01 EA-07 ISO-00 COME-00 EUR-12 /027 W
---------- 127645
P R 092316Z FEB 76
FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC PRIORITY 865
INFO AMCONSUL AUCKLAND
AMCONSUL SYDNEY
AMEMBASSY CABERRA

C O N F I D E N T I A L WELLINGTON 0477

E.O. 11652: GDS
TAGS: BEXP, AS, NZ
SUBJECT: POSSIBLE CLOSING OF SYDNEY TRADE CENTER

REF STATE 028520

1. EMBASSY DISTRESSED TO LEARN THAT SERIOUS CONSIDERATION BEING GIVENTO CLOSING SYDNEY TRADE CENTER. FOR TWO YEARS WE HAVE BEEN PRESSING FOR MORE ASSISTANCE FROM CENTER AND HAVE BEEN GRATIFIED THAT STEPS ARE BEING TAKEN TO INCREASE AMOUNT OF DIRECT SUPPORT MADE AVAILABLE FROM TRADE PROMOTION EXPERTS IN CENTER. MOST SIGNIFICANT ITEM, OF COURSE, IS THE STAGING OF AM-TECH '76 (NOW SCHEDULED FOR MARCH 1976 IN AUCKLAND) WHICH AMBASSADOR AND STAFF HAVE BEEN ADVOCATING IN STRONGEST TERMS FOR THE PAST NEARLY TWO YEARS. RECENT CONTINUING AND CLOSE CONTACTS WITH DIRECTOR GOODSELL AND HIS DIRECTOR OF MARKET RESEARCH AND PLANNING C.A. MURRAY, HAVE BEEN DIRECTED TOWARD INCREASING COOPERATION AND TIES BETWEEN EMBASSY, AUCKLAND CONSULATE GENERAL AND TRADE CENTER IN COMMERCIAL PROMOTION IN NEW ZEALAND. WE ARE MOST ENCOURAGED AND ANTICIPATE THAT FUTURE ACTIVITIES WILL CERTAINLY RESULT IN REAL TRADE PROMOTION BENEFITS.

2. THE N.Z. EXPORT MARKET REPRESENTS A STABLE LONG-TERM GROWTH PROSPECT. THE U.S. HAS A GOOD OPPORTUNITY OF INCREASING ITS SHARE OF THIS MARKET
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WITH N.Z. TRADE TIES WITH THE U.K. BEING REDUCED.

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U.S. SHARE PRESENTLY RUNS AT ABOUT 14 PERCENT OF A MARKET WHICH IS RUNNING WELL OVER NZ$2BILLION (NZ$2.700 MILLION C.I.F. - YR ENDING JUNE 1975). DESPITE CURRENT UNFAVORABLE BALANCE OF TRADE AND CURRENT GNZ EFFORTS TEMPORARILY TO REDUCE SELECTED IMPORTS THERE IS EVERY INDICATION THAT OVER THE LONG TERM THE MARKET WILL CONTINUE TO SHOW A SOUND GROWTH.

3. INTEREST OF NEW ZEALAND FIRMS IN POSSIBILITY OF SOURCING SUPPLIES FROM U.S. HAS BEEN INCREASING DURING LAST YEAR TO YEAR AND ONE HALF AS INTERNATIONAL CURRENCY MOVEMENTS HAVE MADE U.S. PRODUCTS MORE COMPETITIVE IN PRICE AT SAME TIME THAT DELAYS IN DELIVERIES FROM THE U.K., HISTORICALLY THE COUNTRY'S MAIN SUPPLIERS, HAVE INCREASED. TAKEN TOGETHER WITH THE DECREASE IN THE UK MARKET FOR NZ PRIMARY GOODS AND THE PHASING OUT OF THE U.K.'S TARIFF ADVANTAGE (I.E. BRITISH PREFERENCE) ALL SIGNS POINT TO AN INCEASINGLY FAVORABLE MARKET FOR U.S. EXPORTS. USG SHOULD MAKE EVERY EFFORT TO INTENSIFY ITS TRADE DRIVE TO CAPITALIZE ON THIS OPPORTUNITY. A STEP SUCH AS CLOSING THE SYDNEY TRADE CENTER WOUD BE DIAMETRICALLY OPPOSED TO THE INTENSIFICATION OF U.S. EXPORT EFFORTS IN AUSTRALIASIA.

4. AN INCREASE IN THE U.S. SHARE OF THE NZ MARKET OF ONLY 1 PERCENT CAN BE ESTIMATED TO BRING AN EXPORT RETURN OF MORE THAN US$5 MILLION. THE AVAILABILITY OF THE SOURCE OF EXPORT PROMOTION EXPERTISE REPRESENTED BY THE SYDNEY TRADE CENTER SHOULD BE WORTH SEVERAL PERCENTAGE POINTS DURING THE NEXT FEW YEARS IF EFFECTIVELY APPLIED. EMBASSY URGES THESE FACTORS BE ALSO CONSIDERED AT SAME TIME DEPARTMENTS OF STATE AND COMMERCE DO THEIR HOMEWORK ON THE ADVERSE EFFECTS TO U.S. ECONOMIC AND POLITICAL RELATIONS WITH AUSTRALASIA.
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